UNITED NATIONS **DP**

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/CCF/SAU/1
9 July 1997

ORIGINAL: ENGLISH

Third regular session 1997
15-19 September 1997, New York
Item 6 of the provisional agenda
UNDP

UNDP: COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

FIRST COUNTRY COOPERATION FRAMEWORK FOR SAUDI ARABIA (1997-2000)

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INTRODUCTION

1. The first country cooperation framework (CCF) for the Kingdom of Saudi Arabia covers the period 1997-2000 and is the result of a consultative process involving the Government, represented by the Ministry of Foreign Affairs, UNDP and United Nations specialized agencies represented in the country. The CCF, which is consistent with the principles of sustainable human development (SHD), reflects priority areas identified by the Government in its 1995-2000 Sixth Development Plan. It outlines the strategy and areas of focus agreed upon for UNDP cooperation, taking into account the activities of other international, regional and bilateral governmental and non-governmental partners.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. From the outset of the First Development Plan, the main role of planning in the Kingdom has been to provide an appropriate conceptual, practical and organizational framework for the development process, in all its economic, social and institutional dimensions. In the economic field, the Government made a decision at the outset to construct a national physical infrastructure of high quality and to start the effort towards industrialization with large public investments in basic industries while extending comprehensive support to agriculture. In the social field, the development plans have always considered the desires, aspirations and capabilities of the Saudi Arabian people.

3. The domestic and international conditions under which the Sixth Plan was prepared differed greatly from those prevailing for previous plans. Particularly important in this respect were the Kuwait liberation war and the steep decline of oil prices that followed in the later years of the Fifth Plan.

4. Bearing the above in mind and to obtain maximum benefit from new budget expenditures, the Sixth Plan places special emphasis on improving economic efficiency by strengthening national capacities for trade and international economic cooperation, raising labour productivity through training, using the latest technology/information network systems and by implementing programmes and management techniques for the fuller utilization of existing infrastructural capacity.

5. Another key focus of the Sixth Plan period will be the replacement of non-Saudi manpower by Saudis. This will be achieved by the provision of appropriate training programmes to improve the skills and capabilities of Saudis in various occupations, and by appropriate steps to implement the related policies. In this respect, vocational training and awareness moves to the forefront during the Sixth Plan. In the past, the emphasis of technical education and training was on generating the maximum possible number of graduates and providing them with necessary occupational and technical skills. Less emphasis was placed on qualitative aspects. The Sixth Plan will stress the need to upgrade the occupational awareness of citizens by paying special attention to the educational and vocational awareness and guidance programmes for students and trainees.

6. An important focus area is privatization, including initiatives that will enable the private sector to provide some facilities and services that have traditionally been supplied by the Government. Thus, the private sector is expected to play an increasing role in financing, building and operating key facilities in the fields of basic infrastructure, economic and social services, thereby reducing the financial burden of the Government. Such privatization initiatives will open up new opportunities for many Saudis to invest in, benefit from, and participate in, the future development of the Kingdom.

7. Under Agenda 21, the majority of nations have adopted the concept of sustainable development as the appropriate approach to development for the next century and the remainder of this one. Based on the Kingdom's work priorities under this programme, the Government realizes that it is imperative to develop series of quantitative indicators for measuring and monitoring the activities of sustainable development, taking into account the efficient use of natural resources, their rates of regeneration and depletion, the absorptive capacity of the environment and the conformity of technology in use with the concept of sustainability. In order to prepare and develop these indicators, it is necessary that the national accounts system include a form of natural resource capital account and a measurement of the extent of human resource development, as well as their impacts on the national economy. During the Sixth Development Plan, all concerned agencies will cooperate and coordinate in the development of such indicators.

II. RESULTS AND LESSONS OF PAST COOPERATION

8. During the fifth country programme (1992-1996), the main areas of focus were: (a) economic planning and management; (b) strengthening of the productive areas; (c) development of transport and communications; (d) human resources and social development; and (e) environmental and natural resources development.

9. In the area of economic planning, through technical inputs at the policy and management levels, UNDP was able to cooperate with the Government in improving its policy analysis, sectoral planning and economic forecasting capacity. Additionally, national capacity was developed in the preparation of regional/urban plans and the establishment of a computerized land-use database.

10. In terms of the productive sector, UNDP consolidated its cooperation in those areas where it has a proven comparative advantage: in the institutional strengthening of the Industrial Affairs Agency of the Ministry of Industry and Electricity, and in supporting the Saudi Arabian Standards Organization in the development of the National Meteorological and Calibration Measurement Centre, which is now effectively responding to national and subregion needs.

11. A major area of UNDP focus was to assist the Government in developing its communications infrastructure. This activity resulted in the strengthening of the road network development/maintenance system, improving the civil aviation infrastructure and management capabilities and developing telecommunication services.

12. On the basis of conclusions and experience from the fifth cycle, future programming will be based on strengthening the resident coordinator system in order to improve coordination and complementarity among development partners, particularly organizations of the United Nations system and the Bretton Woods institutions.

13. Reporting on project activities was carried out at the national level. However, there was no systematic evaluation of the impact and quality of projects by UNDP and the Government, pointing to the need for adequate attention to joint project monitoring, impact assessment and evaluation of projects covered under the first CCF.

14. The Government and UNDP agree that cooperation could be strengthened by shifting gradually towards the programme approach, reducing long-term international experts/projects and increasing/strengthening national execution. Additionally, the impact of the programme could be enhanced through the involvement of non-governmental organizations and the private sector in the execution of projects/programmes and by selectively encouraging regional development initiatives.

III. PROPOSED STRATEGY AND THEMATIC AREAS

15. The key objectives of the Saudi Sixth Development Plan (1995-2000) are briefly to improve and develop human resources by providing appropriate means and sources of income and to meet the requirements of the national economy by upgrading efficiency in key sectors.

16. To achieve these targets, the government strategy is to carry on the restructuring of the Kingdom's economy through continuing diversification of the economic base, reducing dependency on the production/export of crude oil as the main source of national income and encouraging the private sector to participate in socio-economic development.

17. In line with UNDP mandates, the priority areas of focus for UNDP cooperation in the first CCF are: economic growth; capacity-building; and environmental protection and management. They will be addressed through the following areas of concentration complemented by public information and coordination activities.

A. Assistance in creating an enabling environment that encourages broad-based economic growth

18. This area of concentration reflects the commitment of the Government to the process of diversifying the economic base, enhancing trade and international economic cooperation through decentralization and improved information systems/capacities and by increasing private-sector participation in socio-economic development.

19. As described more specifically below, UNDP will cooperate with the Government in its implementation of various initiatives and projects designed to address these key areas of concentration.

Strengthening of national capacities for trade and international economic cooperation

20. UNDP will continue to assist the Economic and Cultural Department, Ministry of Foreign Affairs, in developing its national capacities and expanding its country-profile automated information/network system. The system is tailored to provide decision makers with an on-line facility to access the latest information pertaining to the peoples of various countries and potential trade partners. The expanded system will be designed for use by the public and private sectors to stimulate strategic thinking about Saudi export and international investment. The system will also provide practical guidance to Saudi businessmen interested in securing foreign markets. To complement this initiative, UNDP will also provide technical cooperation to the Government to meet the requirements for membership in the World Trade Organization, which is an important means of accessing foreign markets.

Decentralization and regional development

21. During two and a half decades of planned development, significant changes have occurred in the settlement structure, transport links, industrial concentration, land-use patterns and living standards in the Kingdom. Because of its vast size and diverse geographical distribution of population and natural resources, the extent of these changes has not been uniform throughout the entire country. For this reason, decentralization and regionalization of planning has become an essential tool for studying regional phenomena and for proposing corrective solutions where necessary, as well as for exploiting various resources in the regions and for expanding public services in rural areas. In this respect, the private sector, in cooperation with the public sector, is expected to play a vital role in supporting regional development through the implementation of investment projects in the various regions of the Kingdom.

22. Two sectors play a vital role in decentralization and regional development: (a) the transport sector, which enhances economic/social development through the direct support it provides to other sectors such as agriculture, industry and mining, in the form of an integrated network of land, sea and air transport services, as well as pipelines and storage facilities; and (b) the communication sector - in recent years, commercial establishments and the producing/financial sectors have come to rely on the telecommunications and postal services in the Kingdom for the collection, storage, processing and distribution of information in their efforts to raise productivity, manage decentralized units and promote new products. Bearing the above in mind, UNDP will continue to assist the Presidency of Civil Aviation, the Ministry of Post, Telegraph and Telephone, in their planning and capacity-building efforts, by providing high level technical cooperation and focused training programmes.

23. In view of the importance of regional development and its direct links to decentralization, private sector development and social development, UNDP is

also requested to continue to assist the Ministry of Municipal and Rural Affairs in speeding up the urban/infrastructural plans for cities and in addressing long-term urban/spatial development problems by providing technical cooperation and training under the Urban/Infrastructure Planning Project SAU/95/004.

Promotion of private investment through national enterprise and trade development

24. To diversify the economic base and reduce dependency on hydrocarbon resources by entering new fields of investment directed towards domestic and world markets, make more efficient use of scarce resources, create new job opportunities and help to replace foreign manpower by qualified Saudis, the Government is turning to the private sector for assistance in implementing its Sixth Plan.

25. To facilitate access by private sector firms to technical and administrative skills, in particular general management, marketing, strategic planning, finance and design, the Government has requested UNDP cooperation in obtaining, through the United Nations International Short-term Advisory Resources (UNISTAR), leading experts/managers with hands-on experience in investment and private sector development.

26. To strengthen the role of the private sector in the national economy, the Government is seriously considering the possibility of privatizing selected government-owned commercial activities and public sector enterprises. UNDP and UNISTAR will cooperate with the Government in establishing a consultative body of leading Saudi experts from the public/private sector, on a voluntary basis. High-level technical advice will be provided on a voluntary basis to the Government on privatization, deregulation, and private-sector development as a whole. In addition to the above and to stimulate the private sector at all levels, UNDP has been requested to assist in establishing a regional entrepreneurship fund that will help to initiate and guide Gulf businessmen and women towards viable small and medium-scale enterprises.

27. One of the major problems in the Saudi packaging industry is the lack of precise specifications and consequently the insufficient control of production units. This, in turn, creates difficulties between packaging producers and end-users. This situation is a main source of anxiety in the food industry (mainly milk and dairy products) and the important date sector - the Kingdom produces about 500,000 tons of dates per year. UNDP will cooperate with the Saudi Arabian Standards Organization in establishing a packaging centre to transfer modern packaging technology, including standards, testing and quality control, into the national industrial production/marketing and enterprises concerned. The results of this particular project could also be utilized by Member States of the Gulf Cooperation Council. In addition to the above, UNDP will continue its assistance in developing and expanding quality control laboratories in the Kingdom.

28. The Government has also requested UNDP to continue to provide high-level technical cooperation for capacity-building in policy analysis and economic-forecasting, with special emphasis on the promotion of privatization.

Cooperation will also continue in the areas of identification and promotion of investment projects and the promotion of industrial trade and export.

Energizing information technologies and skills to improve economic efficiency

29. In recognition of the predominant role that information technology will undoubtedly play in the economic future not only of Saudi Arabia but of the entire region, the Government is giving serious consideration to establishing a regional technology centre in the Kingdom. The project would be carried out with technical cooperation from UNDP. Its principal aim would be to establish the creative use of information technology in the production process, thereby replacing the accumulation of physical capital as the main factor of economic growth in the Kingdom and in the region. This will have a profound impact on the competitive side of development at a time when the market for goods, services and capital are becoming global.

B. Direct capacity-building for sustainable livelihood

30. Since investment in human capital is the corner stone for economic growth and social prosperity, the utmost care and attention is given in the Sixth Development Plan to the development and formation of a healthy and productive national work force. UNDP cooperation in this area will concentrate on three main areas.

31. First, UNDP will cooperate with the Government in improving technical and vocational training at all levels by modernizing the curriculum and making it more equitable and responsive to future social and economic demands and by establishing a modern regional vocation and technical training institute that would benefit not only Saudi Arabia but other Gulf countries who share similar economic and social circumstances.

32. In view of the increased number of male and female graduates at all levels and to assist in developing a productive business community, UNDP will cooperate in establishing a job information centre in Riyadh for both the male and female population; the centre could also give career advice to students and prospective job-seekers.

33. In order to promote the availability of small loans and access to them by disadvantaged groups, UNDP will support new and existing microfinance institutions by strengthening their capacity to provide credit to individuals to help them start or expand small businesses. In this respect, a microfinance project could be established and could utilize, for instance, the modality of the UNDP MicroStart programme, which offers a concrete methodology and ready-to-use tools that could be used to implement such an initiative.

C. Protection, management and regeneration of the environment

34. In the Kingdom of Saudi Arabia, natural and biological resources were used at a generally sustainable level until the rapid socio-economic developments of the recent past brought about marked changes in the life style of the people,

both in cities and in the countryside. Furthermore, biodiversity as a whole was seriously affected as a result of the recent Gulf war. Consequently, environmental threats such as the rapid deterioration of the desert ecosystem and the fragile biodiversity have become a main concern of the Government. Against this background, UNDP will embark on the following environment-oriented interventions:

(a) Continue providing cooperation and advice to the Meteorology and Environment Protection Administration in the area of environment management for sustainable development;

(b) As a facilitator, UNDP will, with the assistance of the Meteorology and Environment Protection Administration, help the Government to incorporate environmental awareness in school curriculum. This initiative will be addressed through environmental training workshops targeting school teachers at various levels;

(c) Provide cooperation in developing a detailed biodiversity strategy and action plan for Saudi Arabia, as a first step in the preparation by the Government of a national policy for environmental protection and the development of standards and regulations to ensure the efficient and effective protection of natural resources from mismanagement.

IV. MANAGEMENT ARRANGEMENTS

Execution and implementation

35. National execution will continue to be the normal modality for executing most UNDP-assisted projects although for specific projects, components and budget lines the Government will seek, as required, the services of United Nations specialized agencies and of the United Nations Office for Project Services. In this respect, and in order to strengthen this modality, UNDP will establish the National Execution Support Unit at the Ministry of Foreign Affairs. The Unit will provide continuous training to national programme/project managers and financial officers in order to ensure that accounting and auditing requirements are met and relevant procedures and regulations effectively implemented. In addition to the above, and until the unit is a fully effective training component, a programme support project will be established to provide immediate assistance to the Government/UNDP in programme/project identification, formulation, monitoring and evaluation. Needless to say, the programme approach modality will be used as far as possible, by linking UNDP support to the formulation and implementation of specific national programmes.

36. The Ministry of Foreign Affairs intends to establish a Steering Committee composed of leaders from the business community and university professors to advise and supervise UNDP programmes/projects with the help of a number of specialized working groups.

37. Enhanced United Nations system coordination will be critical in the implementation of the first CCF. The agencies of the Joint Consultative Group

on Policy will endeavour to synchronize their respective programming cycles as of 1998. This will facilitate joint reviews and assessments of United Nations support and enhance the capacity of the Government to coordinate the activities of United Nations agencies.

38. UNDP cooperation will be assisted through an umbrella project that will cover the implementation of development-oriented studies, focusing, amongst other issues, on private sector development, small and medium-scale enterprises, environmental management and gender mainstreaming.

39. Implementation modalities such as the United Nations Volunteers programme, Transfer of Knowledge Through Expatriate Nationals, UNISTAR and technical cooperation among developing countries (TCDC) will be used as appropriate, subject to the availability of funding.

Monitoring, review and reporting

40. All projects will be subject to standard UNDP monitoring and evaluation procedures, including progress and technical reports, meetings and visits. The programme will be reviewed on an annual basis by the local Programme Advisory Committee (PAC) with Government participation.

41. The documentation for each programme or project intervention will specify the mechanism for monitoring performance and evaluating impact, including the performance milestones, success criteria, and impact indicators to be measured during the course of implementation.

Public information

42. One of the important functions of the UNDP country office will be the distribution of information on United Nations-related activities and advocacy of particular themes promoted by General Assembly resolutions and the Executive Board, a role that will strengthen during the period of the first CCF.

Resource mobilization

43. Since Saudi Arabia is a net contributor country, most development activities involving United Nations/UNDP cooperation are covered by non-core resources, i.e., through cost-sharing arrangements.

44. Particular attention will be paid to continuing efforts to mobilize additional resources through: (a) increasing Government cost-sharing; (b) cost-sharing and co-financing with other agencies; (c) utilizing UNDP non-core funds, such as TCDC, regional programme resources and trust funds; and (d) private sector funds.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR SAUDI ARABIA (1997-2000)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	-	
TRAC 1.1.1	-	
TRAC 1.1.2	-	
Other resources		
TRAC 1.1.3	-	
SPPD/STS	-	
Subtotal	-	
NON-CORE FUNDS		
Government cost-sharing:	50 000 of which	
project	30 000	
programme	20 000	
Sustainable development funds	-	
Third-party cost-sharing	-	
Funds, trust funds and other	-	
Subtotal	50 000	
GRAND TOTAL	50 500	

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.